

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ACDA-07 CIAE-00 INR-07 IO-13

L-03 NSAE-00 NSC-05 EB-08 NRC-05 OES-07 DODE-00

ERDA-05 SS-15 SP-02 PM-05 H-01 PA-01 PRS-01

USIA-06 AGRE-00 LAB-04 HEW-04 HUD-01 DOTE-00

TRSE-00 AID-05 COME-00 NAS-01 NSF-01 OPIC-03

FAA-00 EUR-12 /134 W

-----011743 230601Z /21

R 221211Z AUG 77

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4197

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 7504

E.O. 11652: GDS

TAGS: USIRJC TECH ENRG IR

SUBJ: BILATERAL AGREEMENT ON NUCLEAR COOPERATION

REF: (A) STATE 191592, (B) TEHRAN 7450

1. IN ABSENCE AEOI PRES ETEMAD, DCM CALLED ON HIS  
DEP ARABIAN AUG 22 TO REVIEW OUTCOME OF AUG 8-10  
DISCUSSIONS IN WASHINGTON AND GOI PERCEPTION OF WHERE  
MATTERS NOW STAND. ARABIAN DESCRIBED MEETINGS ESSENTIALLY  
ALONG REF A LINES INCLUDING ETEMAD'S UNHAPPINESS DURING  
SECOND SESSION THE AFTERNOON OF AUG 10. HE RAN THROUGH  
MUCH OF WHAT ETEMAD SAID AT THAT TIME ABOUT IRAN'S TRACK  
RECORD WITH REGARD TO NON-PROLIFERATION, ITS ADHERENCE  
TO THE NPT, ITS RECOGNITION OF IAEA SAFEGUARDS AND ITS  
WILLINGNESS TO BE HELPFUL WITH RESPECT TO PAKISTAN. OUR  
PROPOSALS HOWEVER, DID NOT SEEM TO TAKE THIS ADEQUATELY  
INTO ACCOUNT. WE SEEMED TO BE APPROACHING IRAN ON A WORST-  
CASE BASIS AND FAILED TO RECOGNIZE THE DIFFERENCE BETWEEN  
IT AND SAY EGYPT OR ISRAEL. AFTER WAXING AT SOME LENGTH  
ON THIS THEME ARABIAN SOFTENED HIS REMARKS SOMEWHAT BY  
NOTING HIS UNDERSTANDING OF THE PROSPECTIVE LEGISLATIVE  
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CONSTRAINTS OUR SIDE HAD TO CONTEND WITH. HE THOUGHT IT  
UNFORTUNATE, HOWEVER, THAT SUCH LEGISLATION WAS BEING  
WRITTEN BY PEOPLE WHO KNOW NOTHING ABOUT THE SUBJECT OR  
IRAN, AND HOPED THAT THE ADMINISTRATION WOULD PRESS FOR  
PROVISIONS WHICH WOULD REFLECT REALITY AND THE CONCERNS OF  
COUNTRIES SUCH AS IRAN WHO WERE SINCERELY INTERESTED IN  
WORKING WITH THE US TOWARD NON-PROLIFERATION GOALS.

2. TUNING TO SUBSTANTIVE ISSUES ARABIAN SAID THE TWO THAT HAD TO BE RESOLVED CONCERNED ARTICLE 6 (REPROCESSING AND ENRICHMENT) OF THE DRAFT MODEL AGREEMENT AND THE ROLE THE NRC WOULD HAVE IN THE NLICENSING PROCEDURE. WITH RESPECT TO THE FIRST HE SAID THAT IRAN HAD TO HAVE OPTIONS. HE DID NOT CONSIDER THE ALTERNATIVES (SET FORTH IN STATE 192370) AS TRUE OPTIONS. WHY, HE ASKED, SHOULD IRAN SIGN AN AGREEMENT THAT DID NOT GIVE IT THE OPTIONS IT HAS WITH FRANCE OR GERMANY. IT SHOULD BE UNDERSTOOD THAT IRAN IS MAKING A TREMENDOUS INVESTMENT IN ITS FUTURE IN RELYING ON NUCLEAR REACTORS FOR ITS ENERGY. IT CANNOT JEOPARDIZE IT S FUTURE BY AGREEING TO CONDITIONS WHICH WOULD PUT CRITICAL DECISIONS IN THE HANDS OF OTHERS. HE FOUND IRONIC THE DISCUSSION THAT HAD OCCURRED THE MORNING OF AUG 10 IN WHICH THE US'S CRITERIA FOR GAS SUPPLYING NATIONS WERE SPELLED OUT. THEY WERE OBVIOUSLY PRUDENT FOR A COUNTRY THAT WAS GOING TO MORTGAGE PART OF ITS ENERGY FUTURE TO OUTSIDERS. COULD NOT THE US UNDERSTAND IRAN'S CONCERNS IN AN ANALOGOUS SITUATION?

3. WHEN ASKED WHAT THE GOI'S REACTION WAS TO THE FORMULATION THAT "IF ALL OTHER OPTIONS DO NOT PROVE POSSIBLE, REPROCESSING COULD TAKE PLACE IN THEUK FRANCE OR OTHER MUTUALLY ACCEPTABLE THRID COUNTRIES WITH THE DISPOSITION OF PLUTONIUM TO BE SUBJECT TO AGREEMENT OF THE PARTIES".  
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ARABIAN REPLIED THAT HE HAD ASKED ETEMAD AFTER THE SECOND SESSION IF HE HAD NOTICED WHAT WE HAD SAID. ETEMAD SAID THAT HE HAD AND THAT IT SOUNDED PROMISING BUT NOT AS PRESENTLY FORMULATED. ARABIAN LEFT THE IMPRESSION THAT ETEMAD HAD GIVEN THIS SUGGESTION MORE SERIOUS THOUGHT THAN SEEMED APPARENT BY HIS REACTION AT THE TIME AND THAT IT WAS WORTH PURSUING.

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FAA-00 EUR-12 /134 W

-----011952 230600Z /21

R 221211Z AUG 77

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4198

C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 7504

4. WITH RESPECT TO THE NRS, ARABIAN WAS CONCERNED THAT IT WOULD BE GIVEN INDEPENDENT LICENSING POWERS WHICH COULD NOT BE COUNTERMANDED BY THE ADMINISTRATION EXCEPT IN THE MOST EXTREME CASE OF US NATIONAL INTERESTS. AT THIS POINT HE RETURNED TO THE QUESTION OF EVOLVING LEGISLATION AND HIS HOPE THAT IT WOULD PROVIDE MAXIMUM FLEXIBILITY TO THE ADMINISTRATION TO DEAL WITH A NUMBER OF GRADUATED AND DIFFERENTIATED CASES.

5. AS TO WHERE WE GO FROM HERE ARABIAN SAID THAT IRAN WAS SINCERE IN ITS COMMITMENT TO CONTINUE THE DIALOGUE. HIS OWN PERSONAL SUGGESTION WAS THAT ARRANGEMENTS BE MADE FOR LOUIS NOSENZO TO MEET PRIVATELY WITH ETEMAD TO EXPLORE FURTHER THE NEEDS AND CONSTRAINTS ON BOTH SIDES. IN TERMS OF HANDLING ETEMAD AT SUCH AN ENCOUNTER, HE SUGGESTED THAT WE NOT TABLE A PIECE OF PAPER BUT LEAVE THE DISCUSSION FREE FLOWING AND OPEN ENDED. HOPEFULLY WITH DEFINITIONS AND REQUIREMENTS MORE CLEARLY FOCUSED AS A CONSEQUENCE OF SUCH A MEETING THE GAP COULD BE NARROWED IF NOT CLOSED ALTOGETHER. IF ISSUES OR FORMULATIONS REMAIN UNRESOLVED IT WAS ARABIAN'S THOUGHT THAT THEY MIGHT BE IDENTIFIED AND LEFT FOR DECISION TO THE PRES AND THE  
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SHAH WHEN THEY MEET IN NOVEMBER. ARABIAN THOUGHT IT IMPORTANT THAT BOTH SIDES COME AS CLOSE TOGETHER AS THEY CAN BEFORE THE PRES-SHAH MEETING. THIS, OF COURSE, FITS WITH WHAT HUSHANG ANSARY TOLD THE AMB AUG 21 (REF B).

6. COMMENT: OUR CURRENT READING IS THT IRAN CONTINUES EAGER TO CONCLUDE AN AGREEMENT ON NUCLEAR COOPERATION WITH US BUT THAT IT IS NOT GOING TO FOLD ON THOSE POINTS IT CONSIDERS CRITICAL TO THE FUTURE VIABILITY OF ITS NUCLEAR ENERGY PROGRAM FOR POLITICAL MORE THAN ECONOMIC REASONS IT HOPES THAT THIS AGREEMENT CAN BE RATIFIED BY THE PRES AND THE SHAH IN NOVEMBER. IN PRACTICAL TERMS, HOWEVER, IT PROBABLY HAS ALL IT CAN HANDLE ON ITS ENERGY DEVELOPMENT PLATE FOR THE MOMENT WITH 2 GERMAN

REACTORS UNDER CONSTRUCTION AND THE CONSTRUCTION OF THE 2  
FRENCH REACTORS IMMINENT. EVEN IF AGREEMENT CAN BE  
REACHED WE WOULD ANTICIPATE US NUCLEAR REACTOR SUPPLIERS  
WILL FACE LONG AND ARDUOUS NEGOTIATIONS BEFORE NAILING  
DOWN REACTOR SALES CONTRACTS. WE RECOMMEND THAT WE TAKE  
ARABIAN'S ADVICE AND THAT NOSENZO TAKE THE INITIATIVE  
THROUGH US IN ARRANGING AN EARLY MEETING WITH ETEMAD IN  
TEHRAN IF NECESSARY. IN SUCH A MEETING AND SUBSEQUENT  
DRAFTING WE THINK A CERTAIN ASSUAGING OF IRANIAN AMOUR PROPRE  
DESIRABLE. TO A LARGE EXTENT THIS CAN PROBABLY BE HANDLED  
BY MORE FELICITOUS PHRASING OF THE PROPOSED AGREEMENT TO  
EMPHASIZE MUTUALITY OF COMMITMENT AND INTERDEPENDENCE.  
WE DO NOT THINK THE DRAFT WE HAVE BEFORE US MEETS THAT  
OBJECTIVE.  
SULLIVAN

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## Message Attributes

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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**TAGS:** TECH, ENRG, IR, USIRJC  
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**Type:** TE  
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